



For Immediate Release
December 14, 2007

Contact: Carol Guthrie
(202) 224-4515

SENATE PASSES MORTGAGE TAX RELIEF FOR FAMILIES IN CRISIS

Finance Chairman held hearing this week on sub-prime crisis, possible solutions

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) won passage today of legislation offering tax relief to American families caught in the sub-prime mortgage crisis. When debt is forgiven on a home loan, the homeowner must normally count that debt forgiveness as income and pay taxes on it. The bill approved today as an amendment to H.R. 3648 creates a three-year exception for debt forgiveness on home loans – helping families already unable to meet their mortgages to avoid incurring large tax bills as well. The bill also extends a provision allowing homeowners to deduct mortgage insurance payments from their taxable income.

“Homeowners who are already in trouble on the mortgage certainly can’t afford a big hit from the tax man too,” said Baucus. **“Upheaval in the housing market has turned the world upside down for far too many families, and Congress needs to help these folks climb out of a financial hole. This mortgage tax bill will help to ease the burdens of homeowners who are hurting today.”**

In addition to tax relief for debt forgiveness and mortgage insurance payments, the bill includes:

- Tax relief for volunteer firefighters and emergency medical technicians
- Help to expand housing options for college students with children
- Protection of tax relief for homeowners after the death of a spouse
- Flexibility to help co-op tenant/owners deduct real estate taxes and mortgage insurance

The bill is fully offset by increased penalties for failure to file S corporation returns or partnership returns, and new requirements for the payment of corporate estimated taxes. It is now necessary for the House to pass the updated legislation and send it to the President for signature into law.

###